

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 CAB-09 CIAE-00 DODE-00 DOTE-00

INR-10 NSAE-00 RSC-01 FAA-00 L-03 SSO-00 NSCE-00 SS-20

NSC-07 USIE-00 PRS-01 PA-04 DRC-01 INRE-00 /093 W

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 8949

USDOC WASHDC PRIORITY

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E.O. 11652: N/A

TAGS: ETRN, UK

SUBJ: CIVAIR - CHARTER AGREEMENT

REF: STATE 56988

1. IN EMBASSY VIEW, IF USG AT THIS LATE STAGE BACKS AWAY FROM EXCHANGE OF NOTES AMENDING AND EXTENDING ABC/TGC CHARTER AGREEMENT WITH UK, IT WILL HAVE STAGGERING IMPLICATIONS FOR US/UK AVIATION RELATIONS. IT WILL HAVE, IN ADDITION, IMPORTANT ADVERSE AFFECT ON US BALANCE OF PAYMENTS AND WILL CAUSE INCONVENIENCE IF NOT ACTUAL HARDSHIP FOR BROAD SEGMENT OF TRAVELING PUBLIC BOTH IN US AND UK.

2. DESPITE ECONOMIC UNCERTAINTIES THAT HAVE BEEN PRESENT IN UK OVER PAST SEVERAL MONTHS, WE WOULD ESTIMATE THAT THERE ARE APPROXIMATELY 175-180,000 SEATS PRESENTLY ON OFFER FOR ABC FLIGHTS TO THE US THIS SUMMER. WE WOULD EXPECT FURTHER GROWTH NOW FOLLOWING RETURN TO FIVE-DAY WORKING WEEK AND PROSPECT OF SHORTER ADVANCE BOOKING REQUIREMENT. SIZE OF PROGRAMS BY INDIVIDUAL CARRIERS NOT AVAILABLE BUT WE WOULD ESTIMATE THAT POSSIBLY MORE THAN HALF OF TOTAL

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PASSENGERS ARE BOOKED ON US CARRIERS. WE WOULD ALSO

ASSUME THAT MORE THAN HALF OF THE AFFINITY CHARTER TRAFFIC OUT OF THE US WOULD ALSO TRAVEL ABOARD US CARRIERS. IF OUR ESTIMATES ARE CORRECT, EVEN IN PURELY AVIATION TERMS, US WOULD APPEAR TO LOSE MORE THAN THE UK IN THE EVENT THAT US/UK CHARTER REGIME FOR 1974 COLLAPSED.

3. HOWEVER, WE DO NOT REPEAT NOT BELIEVE ISSUE SHOULD BE CONSIDERED SOLELY IN AVIATION CONTEXT. IN THE PAST, WHEN CHARTER MARKET STILL SMALL, IT MAY

HAVE BEEN PRACTICAL TO TURN CHARTERS ON AND OFF FOR SAKE OF MOMENTARY AVIATION ADVANTAGE BUT TODAY CHARTER TRAVEL HAS GROWN TOO IMPORTANT FOR SUCH MANIPULATION. CHARTER TRAVEL IS NOW ALMOST AS IMPORTANT AS SCHEDULED SERVICE AND IN OUR VIEW ITS SUSPENSION SHOULD ONLY BE THREATENED FOR SAME REASON SCHEDULED SERVICES MIGHT BE SUSPENDED--FOR DISAGREEMENT INVOLVING FUNDAMENTAL PRINCIPLES OF OVERRIDING IMPORTANCE. IN OUR VIEW, CURRENT DIFFERENCES WITH UK FALL FAR SHORT OF SUCH CRITERION.

4. WE WOULD NOTE THAT UK'S 30-DAY, 100 PERCENT PRELISTING REQUIREMENT HAS BEEN IN EFFECT SINCE JANUARY 1, 1974 AND TWO US CARRIERS, BECAUSE OF CHARTER IRREGULARITIES, HAVE OPERATED WITH A 100 PERCENT PRELISTING REQUIREMENT SINCE LAST SEPTEMBER. WE CAN APPRECIATE THAT 100 PERCENT PRELISTING IS A CONDITION THAT NO CARRIER WOULD RELISH, BUT IF SERIOUS PROBLEMS HAVE DEVELOPED OVER THE MANNER IN WHICH THE UK HAS ADMINISTERED THIS REQUIREMENT, THEY

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HAVE NOT BEEN BROUGHT TO OUR ATTENTION. ON THE OTHER HAND, WE ARE AWARE OF SEVERAL CASES WHERE UK HAS GRANTED WHAT WE WOULD REGARD AS GENEROUS EXCEPTIONS TO ITS RULE. BASED ON ITS PAST PRACTICES, WE HAVE NO REASON TO BELIEVE THAT UK WOULD NOT CONTINUE TO INTERPRET ITS REQUIREMENTS IN REASONABLE AND LIBERAL MANNER. WE MUST ADMIT, HOWEVER, THAT ONE OF OUR PROBLEMS IN UNDERSTANDING NACA OPPOSITION TO "COMPASSIONATE REASONS" STANDARD FOR GRANTING EXCEPTIONS TO 100 PERCENT PRELISTING RULE IS THAT WE DO NOT FULLY UNDERSTAND WHAT SUBSTITUTIONS OF LEGITIMATE AFFINITY TRAFFIC WOULD BE LIKELY TO FALL OUTSIDE OF THE "COMPASSIONATE REASONS" STANDARD. IF WE HAD SPECIFIC EXAMPLES OF SUCH LIKELY SUBSTITUTIONS WE COULD PERHAPS BETTER APPRECIATE THE BASIS FOR THEIR OPPOSITION TO PROPOSED CHARTER ACCORD.

5. WE HAVE HAD TO ADVISE UK AUTHORITIES (ROGERS, DEPT. OF TRADE) THAT WE HAVE BEEN INSTRUCTED TO STAND FAST ON EXCHANGE OF NOTES. HE REGISTERED INCREDULITY THAT US, AT FINAL MOMENT, MIGHT ACTUALLY CONTEMPLATE BACKING AWAY FROM CHARTER ACCORD. IT WAS VERY CLEAR FROM HIS REMARKS THAT WE WOULD SUFFER SERIOUS LOSS OF CONFIDENCE IN LIMITED OFFICIAL USE

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OUR DEALINGS WITH UK IF WE PROVOKE CHARTER CONFRONTATION AT LAST MINUTE PARTICULARLY IN LIGHT OF GRAVE INCONVENIENCE SUCH CONFRONTATION WOULD CAUSE THOUSANDS OF MEMBERS OF THE TRAVELING PUBLIC.

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